



General Assembly

January Session, 2007

Raised Bill No. 1263

LCO No. 4513

04513_____CE_

Referred to Committee on Commerce

Introduced by:
(CE)

***AN ACT CONCERNING THE CONSOLIDATION OF ENERGY
CONSERVATION LOAN PROGRAM STATUTES.***

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 16a-40b of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective October 1, 2007*):

3 (a) The commissioner, acting on behalf of the state, may, with
4 respect to loans for which funds have been authorized by the State
5 Bond Commission prior to July 1, 1992, in his discretion make low-cost
6 loans or deferred loans to residents of this state for the purchase and
7 installation in residential structures of insulation, alternative energy
8 devices, energy conservation materials and replacement furnaces and
9 boilers, approved in accordance with regulations to be adopted by the
10 Secretary of the Office of Policy and Management. In the purchase and
11 installation of insulation in new residential structures, only that
12 insulation which exceeds the requirements of the State Building Code
13 shall be eligible for such loans or deferred loans. The commissioner
14 may also make low-cost loans or deferred loans to persons in the state
15 residing in dwellings constructed not later than December 31, 1979,
16 and for which the primary source of heating since such date has been

17 electricity, for the purchase of a secondary heating system using a
18 source of heat other than electricity or for the conversion of a primary
19 electric heating system to a system using a source of heat other than
20 electricity.

21 (b) [Except as provided under subsection (c) of this section, any]
22 Any such loan or deferred loan shall be available only for a residential
23 structure containing not more than four dwelling units, shall be not
24 less than four hundred dollars and not more than [six] fifteen thousand
25 dollars per structure and, with respect to any application received on
26 or after November 29, 1979, shall be made only to an applicant who
27 submits evidence, satisfactory to the commissioner, that the adjusted
28 gross income of the household member or members who contribute to
29 the support of his household was not in excess of one hundred fifty per
30 cent of the median area income by household size. In the case of a
31 deferred loan, the contract shall require that payments on interest are
32 due immediately but that payments on principal may be made at a
33 later time. Repayment of all loans made under this subsection shall be
34 subject to a rate of interest to be determined in accordance with
35 subsection (t) of section 3-20 and such terms and conditions as the
36 commissioner may establish. The State Bond Commission shall
37 establish a range of rates of interest payable on all loans under this
38 subsection and shall apply the range to applicants in accordance with a
39 formula which reflects their income. Such range shall be not less than
40 zero per cent for any applicant in the lowest income class and not more
41 than one per cent above the rate of interest borne by the general
42 obligation bonds of the state last issued prior to the most recent date
43 such range was established for any applicant for whom the adjusted
44 gross income of the household member or members who contribute to
45 the support of his household was at least one hundred [fifteen] fifty
46 per cent of the median area income by household size.

47 [(c) The commissioner shall establish a program under which he
48 shall make funds deposited in the Energy Conservation Loan Fund
49 available for low-cost loans or deferred loans under subsection (a) of

50 this section for residential structures containing more than four
51 dwelling units, or for contracts guaranteeing payment of loans or
52 deferred loans provided by private institutions for such structures for
53 the purposes specified under subsection (a) of this section. Any such
54 loan or deferred loan shall be an amount equaling not more than one
55 thousand dollars multiplied by the number of dwelling units in such
56 structure, provided no such loan or deferred loan shall exceed thirty
57 thousand dollars. If the applicant seeks a loan or deferred loan for a
58 structure containing more than thirty dwelling units, he shall include
59 in his application a commitment to make comparable energy
60 improvements of benefit to all dwelling units in the structure in
61 addition to the thirty units which are eligible for the loan or deferred
62 loan. Applications for contracts of guarantee shall be limited to
63 structures containing not more than thirty dwelling units and the
64 amount of the guarantee shall be not more than fifteen hundred dollars
65 for each dwelling unit benefiting from the loan or deferred loan. There
66 shall not be an income eligibility limitation for applicants for such
67 loans, deferred loans or guarantees, but the commissioner shall give
68 preference to applications for loans, deferred loans or guarantees for
69 such structures which are occupied by persons of low or moderate
70 income. Repayment of such loans or deferred loans shall be subject to
71 such rates of interest, terms and conditions as the commissioner shall
72 establish. The state shall have a lien on each property for which a loan,
73 deferred loan or guarantee has been made under this section to ensure
74 compliance with such terms and conditions.]

75 [(d)] (c) With respect to such loans made on or after July 1, 1981, all
76 repayments of principal shall be paid to the State Treasurer for deposit
77 in the Housing Repayment and Revolving Loan Fund. The interest
78 applicable to any such loans made shall be paid to the State Treasurer
79 for deposit in the General Fund. After the close of each fiscal year,
80 commencing with the close of the fiscal year ending June 30, 1992, and
81 prior to the date of the calculation required under subsection [(f)] (e) of
82 this section, [and subsection (f) of section 32-317,] the Commissioner of
83 Economic and Community Development shall cause any balance of

84 loan repayments under this section remaining in said fund to be
85 transferred to the [energy conservation revolving loan account] Energy
86 Conservation Loan Fund created pursuant to section [32-316] 16a-40a.

87 [(e)] (d) The commissioner shall adopt regulations in accordance
88 with chapter 54, (1) concerning qualifications for such loans or
89 deferred loans, requirements and limitations as to adjustments of
90 terms and conditions of repayment and any additional requirements
91 deemed necessary to carry out the provisions of this section and to
92 assure that those tax-exempt bonds and notes used to fund such loans
93 or deferred loans qualify for exemption from federal income taxation,
94 (2) providing for the maximum feasible availability of such loans or
95 deferred loans for dwelling units owned or occupied by persons of low
96 and moderate income, (3) establishing procedures to inform such
97 persons of the availability of such loans or deferred loans and to
98 encourage and assist them to apply for such loans or deferred loans,
99 and (4) providing that (A) the interest payments received from the
100 recipients of loans or deferred loans made on and after July 1, 1982,
101 less the expenses incurred by the commissioner in the implementation
102 of the program of loans, deferred loans and loan guarantees under this
103 section, and (B) the payments received from electric and gas
104 companies under subsection [(f)] (e) of this section shall be applied to
105 reimburse the General Fund for interest on the outstanding bonds and
106 notes used to fund such loans or deferred loans made on or after July
107 1, 1982.

108 [(f)] (e) Not later than August first, annually, the commissioner shall
109 calculate the difference between (1) the weighted average of the
110 percentage rates of interest payable on all subsidized loans made (A)
111 after July 1, 1982, from the Energy Conservation Loan Fund, (B) from
112 the Home Heating System Loan Fund established under section 16a-
113 40k, and (C) from the Housing Repayment and Revolving Loan Fund
114 pursuant to this section, and (2) the average of the percentage rates of
115 interest on any bonds and notes issued pursuant to section 3-20, which
116 have been dedicated to the energy conservation loan program and

117 used to fund such loans, and multiply such difference by the
 118 outstanding amount of all such loans, or such lesser amount as may be
 119 required under Section 103(c) of the Internal Revenue Code of 1986, or
 120 any subsequent corresponding internal revenue code of the United
 121 States, as from time to time amended. The product of such difference
 122 and such applicable amount shall not exceed six per cent of the sum of
 123 the outstanding principal amount at the end of each fiscal year of all
 124 loans or deferred loans made (A) on or after July 1, 1982, from the
 125 Energy Conservation Loan Fund, (B) from the Home Heating System
 126 Loan Fund established under section 16a-40k, and (C) from the
 127 Housing Repayment and Revolving Loan Fund pursuant to this
 128 section, and the balance remaining in the Energy Conservation Loan
 129 Fund and the balance of energy conservation loan repayments in the
 130 Housing Repayment and Revolving Loan Fund. Not later than
 131 September first, annually, the Department of Public Utility Control
 132 shall allocate such product among each electric and gas company
 133 having at least seventy-five thousand customers, in accordance with a
 134 formula taking into account, without limitation, the average number of
 135 residential customers of each company. Not later than October first,
 136 annually, each such company shall pay its assessed amount to the
 137 commissioner. The commissioner shall pay to the State Treasurer for
 138 deposit in the General Fund all such payments from electric and gas
 139 companies, and shall adopt procedures to assure that such payments
 140 are not used for purposes other than those specifically provided in this
 141 section. The department shall include each company's payment as an
 142 operating expense of the company for the purposes of rate-making
 143 under section 16-19.

144 Sec. 2. Sections 32-315 to 32-318, inclusive, of the general statutes are
 145 repealed. (*Effective October 1, 2007*)

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2007</i>	16a-40b
Sec. 2	<i>October 1, 2007</i>	Repealer section

Statement of Purpose:

To streamline the existing statutory authority and to provide clarity on program operations by repealing duplicative statutes.

[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]